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TAGS: [PGOV](#) [PREL](#) [GM](#)
SUBJECT: MERKEL FACES PARTY CONVENTION AFTER YEAR IN OFFICE
REF: BERLIN 2769

Classified By: Deputy Chief of Mission John M. Koenig.
Reasons: 1.4 (b) and (d)

¶1. (C) After a year in office, Chancellor Merkel finds herself, her party, and her government languishing in the polls. The largest tax hike in German history, a failed health care reform effort, and challenges to Merkel's Qdership from within her own party are the three leading causes of this slump. Foreign policy issues like military deployments and European and transatlantic relations are marginal factors at most. Leading CDU figures like party Business Manager Johannes von Thadden and MdBs Ursula Heinen and Philipp Missfelder have told us there is deep dissatisfaction within the party rank-and-file with both Merkel and the government. The upcoming National Convention of the CDU, in Dresden Nov. 27-28, holds many dangers for the Chancellor and, if it weakens her, for the strength and stability of the governing coalition as well.

¶2. (C) Merkel, however, also brings real strengths to the convention including a growing economy, a shrinking unemployment rate, and key policy successes with federalism reform, corporate tax reform, and movement on immigrant integration. After just one year in office, these provide a respectable platform for her campaign for re-election as party leader. In addition, the CDU faces no major electoral contests until the spring of 2008, so Merkel's perceived weakness as a campaigner will not yet be a major focus. At the tactical level, convention delegates will be loathe to weaken a CDU Chancellor and, as Missfelder (a critic of Merkel's leadership) put it, the CDU has always been at heart a "Chancellor's party." For these reasons, all our interlocutors expect Merkel to be easily re-elected.

¶3. (C) Analysts, however, will focus on her margin of victory as compared to that of rivals (who generally also hold party offices) and to her own 88 percent margin in 2004. At the top of the list of potential rivals to watch is Lower Saxony Minister-President Wulff, who has kept a low-profile in the recent months of inner-party strife. Party sources tell us that North Rhine-Westphalia (NRW) Minister-President Juergen Ruetters is likely to do poorly because of his role in damaging the party's public standing. However, several contacts have also predicted that CDU General Secretary Pofalla, a Merkel protege, will be made the scapegoat for party dissatisfaction with Merkel.

¶4. (C) Comment: The impact of the convention on Merkel and the government is difficult to predict because it depends heavily on how the mainstream interprets her re-election and whether she succeeds in containing inner-party tensions. One insider told us he believes that, while Merkel will probably do well in the numbers, she will not be able to mend the split between the Christian-social and market-liberal wings of the party. If he is correct, the CDU can look forward to more negative headlines in the not too distant future. End

Comment.

TIMKEN JR